Annexure 19

Annexure 12 to the Application dated 05.07.2021

WELSPUN CORP
PIPES AND PLATES

REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS OF WELSPUN CORP LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN WELSPUN STEEL LIMITED ('THE DEMERGED COMPANY' OR 'WSL') AND WELSPUN CORP LIMITED ('THE RESULTING COMPANY' OR 'WCL') AND THEIR RESPECTIVE SHAREHOLDERS

Present Members

1. Mr. K. H. Viswanathan, Chairman and Independent Director
2. Mr. Amita Misra, Independent Director
3. Mr. Deshraj Dogra, Independent Director
4. Ms. Revathy Ashok, Independent Director

In attendance:

1. Mr. Pradeep Joshi, Company Secretary

Invitee:

1. Mr. Percy Birdy, Chief Finance Officer
2. Mr. Ketan Patel, Senior Vice President, Accounts

1. <u>Background:</u>

a. The draft Scheme of Arrangement under section 230-232 of the Companies Act, 2013 ('the **Act**') and other applicable provisions thereunder, between Welspun Steel Limited and Welspun Corp Limited and their respective shareholders ('**Scheme**') has been placed before the Committee of Independent Directors by the management of Welspun Corp Limited at the meeting of the Committee of Independent Directors held on June 28, 2021 for it to consider recommending the said draft Scheme.

b. The Scheme *inter alia* provides for transferring and vesting of the Demerged Undertaking (as defined in the draft Scheme) of Welspun Steel Limited into Welspun Corp Limited in the manner provided in the Scheme.

c. The equity shares of Welspun Corp Limited are listed on the BSE Limited ('**BSE**') and the National Stock Exchange of India Limited ("**NSE**"). Welspun Corp Limited will be filling the Scheme along with necessary documents/information with the abovementioned stock exchanges for obtaining the necessary approvals and no-objection in relation thereto.

d. The report of the Committee of Independent Directors is made in order to comply with the requirements of the SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 3, 2020 read with the SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India, as amended from time to time (consolidated under the circular being SEBI/HO/CFD/DIL1/CIR/P/ 2020/249 dated December 22, 2020), ("**SEBI Circular**") after considering the following:

   i) Draft Scheme, duly initialed by Company Secretary of Welspun Corp Limited for the purpose of identification;
   ii) Share Exchange report/valuation report dated 26 June 2021 issued by RBSA Valuation Advisors LLP and Drushti R. Desai Registered Valuers ('**Valuation Report**');
   iii) Fairness Opinion Report dated 26 June 2021 issued by DAM Capital Advisors Limited, a Category I Merchant Banker providing the fairness opinion on the share entitlement recommended in the Valuation Report ('**Fairness Opinion**');
   iv) Certificate obtained from the Statutory Auditors of Welspun Corp Limited i.e. Price Waterhouse Chartered Accountants LLP, confirming that the accounting treatment as prescribed in the Scheme is in compliance with the applicable accounting treatment notified under the Act, and other generally accepted principles;
   v) Audited financial statements of Welspun Corp Limited for the year ended March 31, 2018, 2019 and 2020 ; and
   vi) Audited financial statements of Welspun Steel Limited for the year ended March 31, 2018, 2019 and 2020.

2. **Proposed Scheme**

a. The Committee of Independent Directors reviewed the Valuation Report and noted the same and recommended the following:

   In consideration for the transfer and vesting of the Demerged Undertaking of Welspun Steel Limited into Welspun Corp Limited, in terms of the Scheme and based on the Valuation Report and the Fairness Opinion, Welspun Corp Limited will issue Cumulative Redeemable Preference Shares ('CRPS') as under:

   "81 (Eighty-one) 6% CRPS of the Resulting Company of Rs. 10 (Rupees Ten only) each fully paid up, which will be redeemable subject to the terms specified in Annexure to the Scheme, shall be issued and allotted for every 100 (One

Hundred) equity share of the Demerged Company of the face value of Rs. 10/- (Rupees Ten only) each fully paid"

b. Further, the Fairness Opinion confirmed that the share entitlement in the Valuation Report is fair to Welspun Corp Limited and Welspun Steel Limited and their respective shareholders.

c. Further, Price Waterhouse Chartered Accountants LLP, Statutory Auditors of Welspun Corp Limited have confirmed that the accounting treatment as specified in the Scheme is in accordance with the applicable accounting standards specified under the provisions of the Act, and the generally accepted accounting principles in India.

d. The proposed Appointed Date for the Scheme will be April 1, 2021.

e. Under the proposed Scheme, all assets and liabilities, pertaining to Demerged Undertaking (comprising of business, activities and operations pertaining to steel, speciality steel and thermo mechanical treatment bars, manufacturing business and investment held in Welspun Speciality Solutions Limited, Anjar TMT Steel Private Limited and Welspun Captive Power Generation Limited (as more specifically mentioned in the Scheme)) of Welspun Steel Limited, of whatsoever nature and where so ever situated , shall without any further act or deed be transferred to and vested in Welspun Corp Limited as a going concern with effect from the Appointed Date.

3. **Rationale of the Scheme**

The business of the Demerged Undertaking will supplement the business of the Resulting Company and the consolidation of the Demerged Undertaking with the business of the Resulting Company is expected to provide *inter-alia* the following benefits:

a. The consolidation will result in earning predictability, stronger revenue and improved competitiveness, with diversification in product portfolio thereby reducing business risks for mutual benefit of the shareholders. This will result in strong presence across market segments, provide access to new markets and product offerings. Further, the operations of the Demerged Undertaking could have access to the Resulting Company's marketing capabilities.
b. Greater economies of scale and will provide a larger and stronger base for potential future growth;
c. Consolidation and simplification of the group structure;

d. reduction in overheads, administrative, managerial and other expenditure;
e. operational rationalization and increase in operating efficiency; and
f. Synergistic benefits, expansion and acquisition opportunities.

4. Recommendations of the Committee of Independent Directors

After due deliberations and due consideration of all the terms of the draft Scheme, Valuation Report, Fairness Opinion and rationale mentioned above, in the opinion of the Committee of Independent Directors, the Scheme is not detrimental to the shareholders of the Company and the Committee of Independent Directors hereby recommends the draft Scheme for approval and favorable consideration by the Board of Directors of Welspun Corp Limited.

By Order of the Committee of Independent Directors

For and on behalf of

WELSPUN CORP LIMITED

K.H. Viswanathan
Chairperson of the Committee of Independent Directors
DIN: 00391263

Date: June 28, 2021

Place: Mumbai